Message Text

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PASS E, DOT (DAVENPORT, KAMM), CAB (WEST, RODRIGUEZ), WHITE HOUSE (JOHNSTON)

E.O. 11652:GDS TAGS: EAIR, UK

SUBJECT: US-UK CIVAIR NEGOTIATIONS: REPORT ON JUNE 9

1. ASSESSMENT.

A. UKDEL WANTED TO REVIEW ISSUES BASICALLY AGREED LAST WEEK, IN APPARENT EFFORT TO ASSESS WHETHER US HAD FURTHER GIVE IN WHAT WE HAD DESCRIBED CLEARLY LAST WEEK AS "BOTTOM LINE" POSITION. USDEL VIEWS THIS SIMPLY AS EXPECTED NEGOTIATING TACTIC OF UK, HAVING DENOUNCED AGREEMENT, TO SQUEEZE AS MUCH AS IT CAN BEFORE SIGNING. USDEL INTENT IS TO FORCE ORDERLY EXAMINATION OF ALL OUTSTANDING ISSUES AS SOON AS US IS PREPARED TO DISCUSS CAPACITY. USDEL ANTICIPATES THIS WOULD BE MONDAY OR TUESDAY.

- B. USDEL BELIEVES
- (I) UK WILL NOT INSIST ON ANY POINT ON WHICH US HAS STATED CLEARLY US POSITION IS NOT NEGOTIABLE, BECAUSE SUCH UK POSTURE MIGHT TRIGGER BREAK-OFF IN TALKS AND CESSATION OF SERVICES.
- (II) UK DOES NOT BELIEVE US WILL ACTUALLY CAUSE CESSATION, BUT AT SAME TIME UK IS SUFFICIENTLY CONCERNED CONFIDENTIAL.

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THAT IT ISN'T GOING TO TRY TO FIND OUT.

C. SUMMARY ASSESSMENT IS THAT HANDSHAKE ON AGREEMENT QUITE LIKELY JUNE 17.

2. WORKING GRP SESSION OPENED THURSDAY AM WITH BILLER REPORT ON WASH ASSESSMENT OF PROGRESS, STATUS OF NEGOTIATIONS. SHOVELTON RESPONDED THAT WE WOULD BE AT

HANDSHAKE STAGE SHORTLY. INDICATED THEN THAT LEGAL DRAFTING WOULD BE IN ORDER, FOR ABOUT 2 WEEKS. WOULD LIKE TO HAVE SIGNING JULY 24 IN BERMUDA, WITH DELL PRESENT FOR UK SIDE.

- 3. WORKING GROUP MET AM, PM JUNE 9 TO REVIEW UK POSITION ON ISSUES. UK STATED PRIORITY ISSUES AS (I) EFFECTIVE CAPACITY SYSTEM (II) 5TH FREEDOM (III) 3RD/4TH FREEDOM ROUTES. OTHER ISSUES RAISED INCLUDED ALL-CARGO, CHARTER LINK, LAKER SKYTRAIN, GATWICK, AND BERLIN-UK SERVICE.
- 4. UKDEL AGAIN STRESSED VIEW THAT CAPACITY STANDARDS WERE ESSENTIAL, AND THAT UK WOULD NOT GRANT 5TH FREEDOM RIGHTS BETWEEN UK AND SAUDI ARABIA, SINGAPORE, INDONESIA OR MALAYSIA. ALSO ASKED WHETHER US COULD RECONSIDER DEMAND FOR TWO US CARRIERS AT LA, OR AT LEAST CONSIDER 3 YEAR DEFERRAL BEFORE 2ND US CARRIER ENTERS THE LALONDON MARKET. US DID NOT ACCEPT UK VIEW.
- 5. UK REITERATED POINT THAT NEW SERVICES TO LONDON FROM ATLANTA, DFW, AND HOUSTON WOULD SERVE GATWICK AIRPORT. SHOVELTON STATED THAT HE WANTED THIS MADE "ABSOLUTELY CRYSTAL CLEAR". US SAID AIRPORT DESIGNATION NOT APPROPRIATE SUBJECT FOR BILATERAL.
- 6. ON BERLIN SERVICE, UKDEL APOLOGIZED FOR ANY MISUNDER-STANDING. IT WAS STATED THAT UK DESIRED TO MAINTAIN STATUS QUO, WHILE LIMITING US CARRIER TO NARROW BODY CONFIDENTIAL

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AIRCRAFT.

- 7. CHARTER LINK PAPER PROMISED BY UK FOR JUNE 10 DISCUSSION. UK PRESENTED ALL-CARGO ROUTE SCHEDULE (UK57) TO BE DISCUSSED LATER.
- 8. SHOVELTON EXPRESSED GRATITUDE FOR USG EFFORTS IN CONCORDE COURT CASE, SAID UK UNDERSTOOD WHY USG CAN'T SUPPORT UK. FRENCH POSITION ON PRE-EMPTION.
- 9. ON LAKER, SAID CAB OPINION, DRAFT ORDER IS MASTERLY DOCUMENT, CREATES GREAT DIFFICULTY FOR UK.

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